

Honolulu, Hawaii

FEB 28 2014

RE: S.B. No. 2886  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B.  
No. 2886 entitled:

"A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII INCOME  
TAX LAW TO THE INTERNAL REVENUE CODE,"

begs leave to report as follows:

The purpose and intent of this measure is update state income  
tax law to conform to changes made to the Internal Revenue Code in  
calendar year 2013.

The Department of Taxation provided testimony in support of  
this measure. The Tax Foundation of Hawaii provided comments on  
this measure.

Your Committee finds that this measure is the annual tax  
conformity bill submitted by the Department of Taxation pursuant to  
section 235-2.5, Hawaii Revised Statutes, to maintain state income  
tax conformity with the federal Internal Revenue Code by adopting  
changes made during the previous year that are appropriate for  
Hawaii law.

Your Committee has amended this measure by:

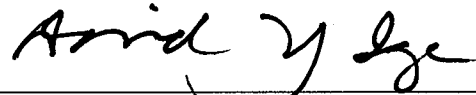
- (1) Removing language intended to disallow a deduction under  
section 275 of the Internal Revenue Code if a taxpayer  
has taken the credit allowed under section 235-55, Hawaii  
Revised Statutes;



- (2) Adding language to disallow the deduction under section 164(a)(3) of the Internal Revenue Code for amounts for which the credit under section 235-55, Hawaii Revised Statutes, has been claimed; and
- (3) Making technical, nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2886, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2886, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on behalf  
of the members of the Committee  
on Ways and Means,



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DAVID Y. IGE, chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 2886</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2-5-14</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.				✓
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam			✓	
	11	0	1	1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted           <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="font-size: 1.2em; font-family: cursive; text-align: center;">Michelle N. Kidani</div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

\*Only one measure per Record of Votes